BUY (Maintain)

CMP: **INR 1,394** Target Price: **INR 1,600 (INR 1,550)** ▲ 15%

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14 August 2026

India | Equity Research | Results Update

Travel Food Services

Consumer Staples & Discretionary

Taxiing for take off

TFS is adding capacity at a time when the underlying traffic environment is yet to fully participate. Despite broadly flat passenger traffic, consolidated sales grew 20.6% YoY, led by 20.2% net contract gains, while LFL growth stood at 4.2%. The expansion comes with a near-term cost – EBITDA margin contracted 308bps YoY to 35.8% as mobilisation of new units increased employee and other expenses. We see this as an investment phase, with the key monitor being how quickly the new outlets ramp up and translate into operating leverage. With 87 QSR outlets added over the last 12 months, the next leg of earnings growth could be supported by maturing outlets alongside a recovery in passenger traffic and LFL growth. A debt-free balance sheet with INR 9.7bn cash provides sufficient headroom to fund the expansion pipeline. Maintain **BUY**.

Geopolitical headwinds constrain passenger traffic growth

TFS's system-wide/consol. revenue grew 18%/20.6% YoY, despite passenger traffic being broadly flat YoY across TFS-managed airports. Geopolitical disruptions amid the continued Middle East tensions dampened passenger traffic trends, marking a challenging start to the quarter in Apr'26, followed by a recovery in May before moderating in June. System-wide LFL growth stood at 0.8%, impacted by traffic migration to newer airports/terminals and higher impact of the West Asia war in southern markets. However, excluding these markets, system-wide LFL growth was ~7% YoY. Consol. LFL growth was better, at 4.2%, aided by menu innovations and calibrated premiumisation, partially offsetting the softness in passenger traffic. System-wide/ consolidated net contract gains were at 15.9%/20.2% YoY, driven by mobilisation of >85 units across existing and new airports. TFS also commenced operations at the newly launched Noida International Airport with six travel QSR outlets and one lounge.

New unit mobilisation weighs on EBITDA margins

At the consol. level, gross margin expanded 241bps YoY, primarily reflecting the classification of certain lounge aggregation service costs under other expenses. While EBITDA margin contracted 308bps YoY to 35.8%, as mobilisation of new units at recently commissioned airports led to an increase in employee/other expenses. PAT grew 38.1% YoY to INR 1.3bn, aided by higher other income, including a partial write-back of GST provisions of INR 131mn.

Financial Summary

Y/E March (INR mn)	FY25A	FY26A	FY27E	FY28E
Net Revenue	16,877	16,478	17,595	20,528
EBITDA	5,541	6,485	6,903	8,151
EBITDA Margin (%)	32.8	39.4	39.2	39.7
Net Profit	3,632	4,410	4,725	5,580
EPS (INR)	27.6	33.5	35.9	42.4
EPS % Chg YoY	(62.9)	21.4	7.1	18.1
P/E (x)	50.6	41.6	38.9	32.9
EV/EBITDA (x)	32.0	27.0	25.0	20.7
RoCE (%)	30.8	28.7	24.6	25.3
RoE (%)	37.1	34.8	29.9	30.3

Akshay Krishnan
akshay.krishnan@icicisecurities.com
+91 22 6807 7632

Manoj Menon
manoj.menon@icicisecurities.com

Ashutosh Joytiraditya
ashutosh.joytiraditya@icicisecurities.com

Aniket Kamble
aniket.kamble@icicisecurities.com

Market Data

Market Cap (INR)	184bn
Market Cap (USD)	1,924mn
Bloomberg Code	TRAVELFO IN
Reuters Code	TAVE.BO
52-week Range (INR)	1,471 /1,035
Free Float (%)	14.0
ADTV-3M (mn) (USD)	1.2

Price Performance (%)	3m	6m	12m
Absolute	22.2	19.1	21.5
Relative to Sensex	17.6	24.6	24.5

ESG Score	2024	2025	Change
ESG score	NA	NA	NA
Environment	NA	NA	NA
Social	NA	NA	NA
Governance	NA	NA	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY27E	FY28E
Revenue	0.4	1.3
EBITDA	1.3	1.6
EPS	1.4	1.7

Previous Reports

26-05-2026: Q4FY26 results review

15-02-2026: Q3FY26 results review

Strong outlet and brand expansion

Travel QSR outlet count stood at 541 in Q1FY27 (vs. 454 in Q1FY26; +87 outlets), while the lounge network grew to 39, from 37, over the past year. The company expanded its airport footprint to 21 airports, including commencement of operations at Noida Airport. Alongside airport and outlet expansion, TFS continues to deepen its brand portfolio with 153 brands as of Q1FY27, having added 23 brands over the past year, comprising in-house concepts, local favourites and internationally acclaimed brands. At Noida, TFS has also launched passenger-facing services such as Meet & Greet and Porter facilities, expanding beyond its core QSR and lounge offerings.

Strong balance sheet supports further expansion

TFS remains debt-free, with a consolidated cash balance of INR 9.7bn, providing a strong balance sheet to support continued network expansion and new growth opportunities. Management remains focused on ramping up newly opened locations, expanding its presence across existing and new markets, optimising offerings to drive LFL growth and pursuing international lounge expansions opportunities.

Valuation and risk

We increase our estimates by ~1-2% for FY27/28E, modelling consol. revenue/EBITDA/PAT CAGRs of 12%/12%/12% over FY26–28. We maintain **BUY** with a revised TP of INR 1,600 (vs INR 1,550; based on 38x Mar'28E).

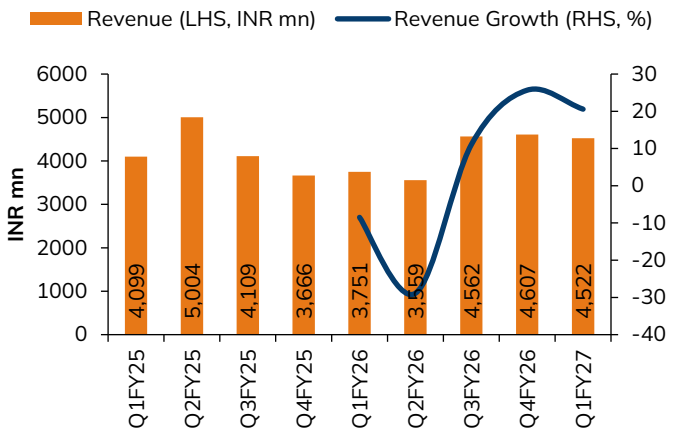
Key risks: Inability to win new concessions/airports; loss of existing concessions; and more private airport operators pushing for JVs.

Exhibit 1: Consolidated result review

INR mn	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Net Revenue	**4,522**	**3,751**	**20.6**	**4,607**	**(1.8)**
COGS	(646)	(626)	3.2	(586)	10.2
Gross profit	**3,877**	**3,125**	**24.1**	**4,021**	**(3.6)**
Staff cost	(819)	(676)	21.2	(611)	34.1
Other expenses	(1,438)	(990)	45.2	(1,547)	(7.0)
Total opex	**(2,258)**	**(1,667)**	**35.5**	**(2,158)**	**4.6**
EBITDA	**1,619**	**1,458**	**11.0**	**1,863**	**(13.1)**
Other income	462	207	122.6	306	50.7
Finance cost	(79)	(87)	(9.1)	(374)	(78.9)
D&A	(415)	(335)	23.8	(396)	4.8
PBT	**1,586**	**1,243**	**27.6**	**1,400**	**13.4**
Tax	(415)	(374)	10.9	(397)	4.4
PAT	**1,172**	**869**	**34.8**	**1,002**	**16.9**
Share of Profit from JV/Ass	116	80	44.2	224	
Minority interest	(20)	(32)	(36.4)	(18)	12.4
Recurring PAT	**1,267**	**918**	**38.1**	**1,208**	**4.9**
Extraordinary items	-	-		-	
Net profit (reported)	**1,267**	**918**	**38.1**	**1,208**	**4.9**
EPS	**9.6**	**7.0**	**38.1**	**9.2**	**4.9**
Costs as a % of sales					
COGS	14.3	16.7	-241 bps	12.7	156 bps
Gross margin (%)	**85.7**	**83.3**	**240 bps**	**87.3**	**-157 bps**
Staff cost	18.1	18.0	8 bps	13.3	485 bps
Other expenses	31.8	26.4	539 bps	33.6	-179 bps
EBITDA margin (%)	**35.8**	**38.9**	**-308 bps**	**40.4**	**-464 bps**
Income tax rate (%)	26.2	30.1	-395 bps	28.4	-224 bps

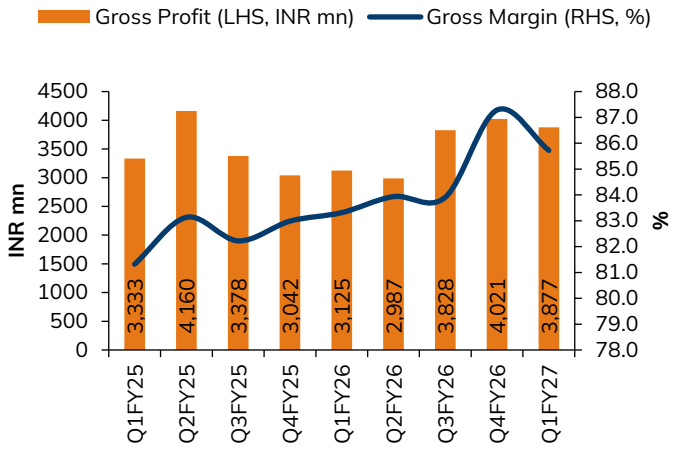
Source: Company data, I-Sec research

Exhibit 2: Revenue and growth rate



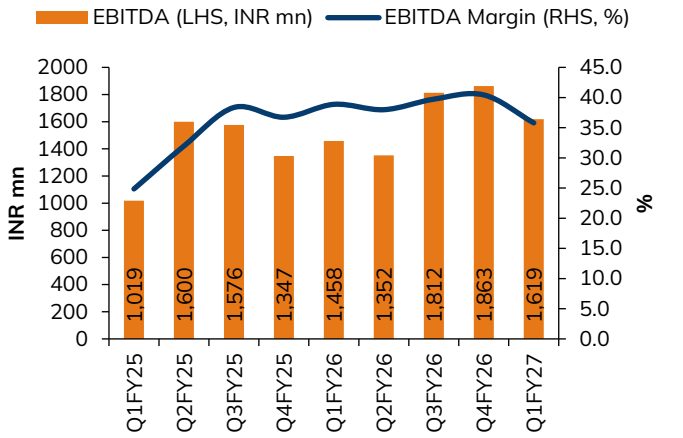
Source: Company data, I-Sec research

Exhibit 3: Gross profit and gross margin



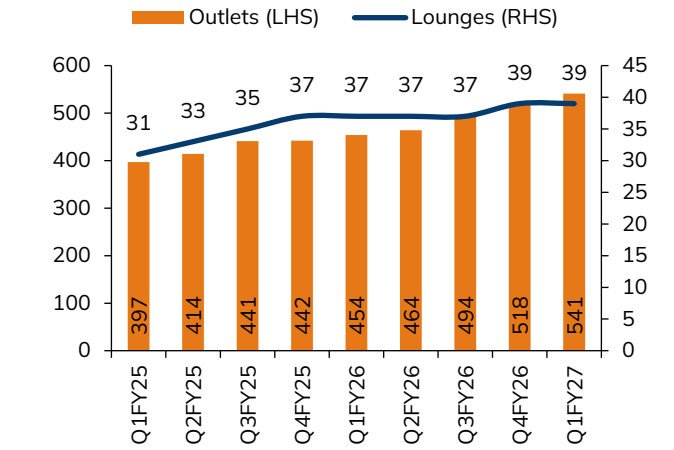
Source: Company data, I-Sec research

Exhibit 4: EBITDA and EBITDA margin



Source: Company data, I-Sec research

Exhibit 5: Outlet and lounge count



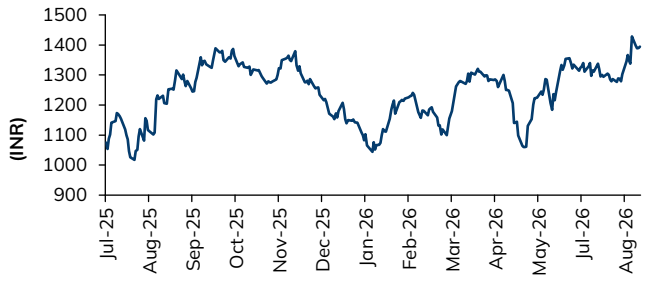
Source: Company data, I-Sec research

Exhibit 6: Shareholding pattern

%	Dec-25	Mar-26	Jun-26
Promoters	86.2	86.2	86.2
Institutional investors	11.2	11.2	11.6
MFs and other	6.4	7.2	8.1
Banks/ FIs	0.0	0.0	0.0
Insurance Cos.	2.0	2.1	1.9
FIIs	2.8	1.9	1.6
Others	2.6	2.6	2.2

Source: Bloomberg, I-Sec research

Exhibit 7: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 8: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Net Sales	16,877	16,478	17,595	20,528
Operating Expenses	**11,336**	**9,993**	**10,692**	**12,377**
EBITDA	5,541	6,485	6,903	8,151
EBITDA Margin (%)	**32.8**	**39.4**	**39.2**	**39.7**
Depreciation & Amortization	1,263	1,504	1,557	1,770
EBIT	4,278	4,981	5,346	6,381
Interest expenditure	457	639	671	704
Other Non-operating Income	750	948	970	1,000
Recurring PBT	4,571	5,291	5,645	6,677
Profit / (Loss) from Associates	**473**	**664**	**617**	**721**
Less: Taxes	**1,247**	**1,431**	**1,536**	**1,816**
PAT	3,324	3,859	4,110	4,861
Less: Minority Interest	(165)	(113)	(2)	(2)
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	3,632	4,410	4,725	5,580
Net Income (Adjusted)	**3,632**	**4,410**	**4,725**	**5,580**

Source Company data, I-Sec research

Exhibit 9: Balance sheet

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Total Current Assets	9,486	13,414	16,295	21,066
of which cash & cash eqv.	375	594	3,132	7,002
Total Current Liabilities & Provisions	6,019	7,025	7,486	8,697
Net Current Assets	**3,467**	**6,390**	**8,809**	**12,369**
Investments	2,791	3,468	3,468	3,468
Net Fixed Assets	1,231	4,079	4,021	3,252
ROU Assets	2,488	(1,185)	(1,185)	(1,185)
Capital Work-in-Progress	386	283	283	283
Total Intangible Assets	-	-	-	-
Long Term Loans & Advances	1,778	1,866	1,866	1,866
Deferred Tax assets	820	855	855	855
Total Assets	**13,008**	**15,774**	**18,136**	**20,927**
Liabilities				
Borrowings	**-**	**-**	**-**	**-**
Deferred Tax Liability	**-**	**-**	**-**	**-**
Provisions	68	140	140	140
Other Liabilities	2,238	995	995	995
Equity Share Capital	132	132	132	132
Reserves & Surplus	10,402	14,295	16,658	19,448
Total Net Worth	**10,534**	**14,427**	**16,790**	**19,580**
Minority Interest	168	211	211	211
Total Liabilities	**13,008**	**15,774**	**18,136**	**20,927**

Source Company data, I-Sec research

Exhibit 10: Quarterly trend

(INR mn, year ending March)

	Sep 25	Dec 25	Mar 26	Jun 26
Net Sales	3,559	4,562	4,607	4,522
% growth (YOY)	(28.9)	11.0	25.7	20.6
EBITDA	1,352	1,812	1,863	1,619
Margin %	38.0	39.7	40.4	35.8
Other Income	207	228	306	462
Extraordinaries	-	-	-	-
Adjusted Net Profit	958	1,327	1,208	1,267

Source Company data, I-Sec research

Exhibit 11: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Operating Cashflow	**4,983**	**3,817**	**7,071**	**8,365**
Working Capital Changes	541	(1,459)	118	310
Capital Commitments	(619)	(394)	(1,500)	(1,000)
Free Cashflow	**4,364**	**3,422**	**5,571**	**7,365**
Other investing cashflow	**(1,293)**	**(1,104)**	**-**	**-**
Cashflow from Investing Activities	(1,912)	(1,498)	(1,500)	(1,000)
Issue of Share Capital	-	-	-	-
Interest Cost	(9)	(301)	(671)	(704)
Inc (Dec) in Borrowings	(189)	-	-	-
Dividend paid	(1,980)	(670)	(2,362)	(2,790)
Others	(72)	107	-	-
Cash flow from Financing Activities	(3,499)	(2,100)	(3,033)	(3,494)
Chg. in Cash & Bank balance	**(428)**	**218**	**2,538**	**3,870**
Closing cash & balance	375	594	3,132	7,002

Source Company data, I-Sec research

Exhibit 12: Key ratios

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	27.6	33.5	35.9	42.4
Adjusted EPS (Diluted)	27.6	33.5	35.9	42.4
Cash EPS	37.2	44.9	47.7	55.8
Dividend per share (DPS)	15.0	4.6	17.9	21.2
Book Value per share (BV)	80.0	109.6	127.5	148.7
Dividend Payout (%)	54.5	13.6	50.0	50.0
Growth (%)				
Net Sales	20.9	(2.4)	6.8	16.7
EBITDA	34.4	17.0	6.4	18.1
EPS (INR)	(62.9)	21.4	7.1	18.1
Valuation Ratios (x)				
P/E	50.6	41.6	38.9	32.9
P/CEPS	37.5	31.0	29.2	25.0
P/BV	17.4	12.7	10.9	9.4
EV / EBITDA	32.0	27.0	25.0	20.7
P / Sales	10.9	11.1	10.4	8.9
Dividend Yield (%)	1.1	0.3	1.3	1.5
Operating Ratios				
Gross Profit Margins (%)	82.4	84.7	82.6	82.5
EBITDA Margins (%)	32.8	39.4	39.2	39.7
Effective Tax Rate (%)	27.3	27.1	27.2	27.2
Net Profit Margins (%)	21.5	26.8	26.9	27.2
Net Debt / Equity (x)	(0.6)	(0.6)	(0.6)	(0.7)
Net Debt / EBITDA (x)	(1.1)	(1.3)	(1.6)	(1.8)
Fixed Asset Turnover (x)	8.1	3.7	2.4	2.4
Working Capital Days	73	127	122	103
Inventory Turnover Days	2	3	3	3
Receivables Days	25	58	60	63
Payables Days	80	78	81	85
Profitability Ratios				
RoCE (%)	30.8	28.7	24.6	25.3
RoE (%)	37.1	34.8	29.9	30.3
RoIC (%)	181.0	163.0	142.7	221.3

Source Company data, I-Sec research

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, **E-mail Address** : complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122